

### Scope of Study

The purpose of this study is to examine any existing disparity between the availability of minority owned and woman owned businesses for participation in the City of Memphis, Tennessee's procurement process and their actual utilization by the City during the study period, in order to determine if a factual predicate exists to support the existing MWBE program or the creation of new programs.

### **FINDINGS**

Since the 1994 Memphis Disparity Study, the City has:

- ➤ Improved utilization of MWBEs during the course of the Study Period;
- ➤ Consistently set and met aspiration goals;
- Established a strong local business program;
- ▶ Provided outstanding management and technical assistance to MWBEs;
- ➤ Collaborated with existing financial assistance providers to assist MWBEs in strengthening their contracting power;
- ➤ Provided MWBE outreach workshops and seminars;
- ➤ Issued contracts in smaller dollar amounts, thus expanding the opportunity for small businesses.

### FINDINGS – Utilization by Business Category

BUSINESS CATEGORY	TOTAL MWBE		NON-MINORITY	TOTAL	
	\$	%	\$	%	\$
Construction	\$18,269,516	9.59%	\$172,247,396	90.41%	\$190,516,912
A/E	\$2,655,821	11.70%	\$20,047,157	88.30%	\$22,702,978
Other Professional Services	\$7,617,692	3.12%	\$236,730,774	96.88%	\$244,348,466
Other Services	\$14,997,668	14.62%	\$87,587,575	85.38%	\$102,585,243
Goods/Supplies	\$10,529,804	6.02%	\$164,458,853	93.98%	\$174,988,657
TOTAL	\$54,070,501	7.36%	\$681,071,755	92.64%	\$735,142,256

Source: Griffin & Strong, P.C. (2009)

### **FINDINGS**

### City MWBE Prime Utilization and Availability

- ▶49 MWBEs received \$18.3 million in prime Construction payments or 9.59% of the total construction dollars spent
- ▶19 MWBEs received \$2.7 million in prime A/E payments or 11.7 % of the total A/E dollars spent.
- ▶62 MWBEs received \$7.6 million in prime Other Professional Services payments or 3.1% of the total Other Professional Services dollars spent.
- ▶243 MWBEs received \$15.0 million in Other Services payments or 14.62 % of the total Other Services dollars spent.
- ▶212 MWBEs received \$10.5 million in Goods/Supplies payments or 6.0 % of total Goods/Supplies dollars spent.



### **FINDINGS**

### **Prime Availability**

Business	African	Asian	Hispanic	Native	White	MWBE
Category	American	American	American	American	Female	Firms
	%	%	%	%	%	%
Construction	15.17%	0.29%	0.00%	0.00%	3.18%	18.64%
Professional						
Services –						
A&E	18.49%	0.84%	2.52%	0.00%	6.72%	28.57%
Other						
Professional						
Services	12.03%	0.47%	0.12%	0.00%	1.52%	14.14%
Other Services	22.90%	0.11%	0.22%	0.04%	2.13%	25.39%
Goods/Supplies	12.20%	0.15%	0.00%	0.05%	1.45%	13.85%

Source: Griffin & Strong, P.C. (2009)

### **FINDINGS**

### SUMMARY OF STATISTICAL FINDINGS

- Total Utilization of Minority and Women Owned Firms Within the Relevant Market, Across all Business Categories was 7.36%.
- Statistically Significant Disparities Existed in All Areas of the City of Memphis Prime Contracting
- Statistically Significant Disparities Existed in All Areas of the City of Memphis Subcontracting Except, With a Subcontractor Program in Place to Assist African American Owned Firms and White Female Owned Firms, African American Owned Firms Were Significantly Overutilized in 2003 and 2006, But Still Significantly Underutilized in 2004 and 2007

### **FINDINGS**

### SUMMARY OF PRIVATE SECTOR FINDINGS

- Disparities in Entry Into and Earnings From Self-employment Exist Between Non-Minority Males, Minorities and Women after Controlling for Education, Age, Wealth, and Other Variables
- Loan Denials and Interest Rates Are Significantly Higher for MWBEs Than for Non-Minority Males
- Substantial Disparities Were Found Between the Availability of MWBEs and Their Utilization in the Private Marketplace
- The Public Sector used more MWBEs in Proportion to its Spending Than Did the Private Sector Commercial Construction Market.

### Sufficient Basis to Support a Statistical Inference of Discrimination

The evidence in this study, taken as a whole, gives rise to an inference of discrimination and/or the continuing effects of past discrimination against minorities and women in business transactions in the City of Memphis, Tennessee. Accordingly, the study team finds that the City of Memphis, Tennessee has a strong basis in evidence to take measures to ensure that it is not a passive participant in a private scheme of discrimination against women and minorities. Further, the City of Memphis, Tennessee has a strong basis in evidence to take proactive measures to prevent discrimination based on race, ethnicity, or gender against women and minority contractors.

- 1. Continue the Current Program and Set Annual Aspirational MWBE Goals
- 2. Strengthen MWBE and SBE Outreach, Particularly to Hispanic American Owned Firms
- 3. Increase Staff, Training and Resources of Contract Compliance Office
- 4. Institute Additional Criteria to Determine Whether Projects can be Divided and Consider Limiting the Use of Contract Bundling
- 5. Promote MWBE Collaboration

- 6. Consider a System of Bidder Rotation
- 7. Establish Uniform Procedures for Department Solicitation of MWBE and SBE Bids
- 8. Increase the Frequency of Debriefing Sessions After Contract Awards are Made
- 9. Require Evaluation of Employees with Procurement Responsibilities to Include MWBE and SBE Utilization
- 10. Narrowly Tailor MWBE Program

- 10. Establish Annual Aspirational MWBE Goals for Construction Subcontracting: GSPC suggests 80% of Availability
- 11. Set Project Goals Separate from Overall Aspirational Goals
- 12. Impose Mandatory Subcontracting for Some Areas of Contracting
- 13. Implement a Declining Schedule of Race Conscious Remedies
- 14. Accept Reciprocal Certification

- 15. Create a Steering Committee
- 16. Set SBE Goals
- 17. Establish a Mentor-Protégé Program
- 18. Create a HUBZone Type Program
- 19. Use a Two-Tier Size Standard
- 20. Establish Commercial Antidiscrimination Rules

- 21. Create Private Sector Initiatives
- 22. Outsource Management and Technical Services
- 23. Provide Surety Assistance and Wrap-Up Insurance
- 24. Closely Monitor and Track Utilization
- 25. Require Listing of Subcontractors
- 26. Encourage Awards to Historically Underutilized Subcontractors

- 27. Evaluate New Ways to Assist Firms in Accessing Capital
- 28. Establish a Prompt Payment Policy
- 29. Create an Oversight Committee
- 30. Add Additional Features to MWBE Website
- 31. Broaden Distribution of Program Requirements
- 32. Develop Additional Measures to Gauge Effectiveness of Efforts

# OUESTIONS

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